



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

January 30, 2008

**S. 1667**

**A bill to establish a pilot program for the expedited disposal  
of federal real property**

*As ordered reported by the Senate Committee on Homeland Security  
and Governmental Affairs on November 14, 2007*

**SUMMARY**

S. 1667 would establish a pilot program to expedite the disposal of surplus or underutilized federal property for cash. The legislation also would create a process for representatives of the homeless, including public and private entities, to participate in the program. Finally, S. 1667 would require an evaluation of this program by the Government Accountability Office (GAO).

CBO estimates that enacting the bill would increase direct spending by \$20 million over the 2009-2018 period. Added administrative and reporting costs would come to another \$15 million over that period, assuming appropriation of the necessary funds. S. 1667 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 1667 is shown in the following table. The costs of this legislation fall within budget function 800 (general government).

By Fiscal Year, in Millions of Dollars

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009-	2009-	2018

**CHANGES IN DIRECT SPENDING**

Estimated Budget Authority	4	4	4	4	4	0	0	0	0	0	20	20
Estimated Outlays	4	4	4	4	4	0	0	0	0	0	20	20

**CHANGES IN SPENDING SUBJECT TO APPROPRIATION**

Estimated Authorization Levels	3	3	3	3	3	0	0	0	0	0	15	15
Estimated Outlays	3	3	3	3	3	0	0	0	0	0	15	15

**BASIS OF ESTIMATE**

For this estimate, CBO assumes that the bill will be enacted before the end of 2008.

**Direct Spending**

S. 1667 would amend the Federal Property and Administrative Services Act, which governs the disposition of most federal real property. That act and other statutes that govern real estate transactions of specific agencies and programs generally require agencies to allocate excess property to other public purposes before offering it for sale. About 30 federal agencies with landholdings control approximately 1.2 billion real property assets worldwide with a value of about \$375 billion. The net proceeds from such sales are deposited in the Treasury as offsetting receipts and are not available to be spent. In addition, some of the largest landholding agencies have received special authorities to accept payments for leasing federal property. Such payments can be either in the form of cash or in-kind considerations such as construction, maintenance, restoration, and repair services.

In most years, only a small portion of excess federal property is sold. Some excess properties are transferred to public agencies and institutions through public benefit conveyances. S. 1667 would establish a five-year pilot program to expedite the disposal of excess, surplus, or underutilized federal property. The Director of the Office of Management and Budget, in consultation with agencies, would be required to select federal properties for disposal under the program. The program would terminate five years after enactment and would be limited to no more than 750 properties. Those selected properties would then be subject to an expedited review process by the Department of Housing and Urban Development (HUD) to determine if they are suitable to be converted into housing for the homeless. The remaining properties could be sold, and the net proceeds from such sales would then be

divided: 80 percent would be deposited in the Treasury as miscellaneous receipts, while 20 percent would be retained and spent by the affected agency.

Under current law, CBO estimates that governmentwide receipts from the sale of surplus property will total about \$20 million per year. Under the proposed legislation, an agency could retain and spend 20 percent of the proceeds from the sale of its excess, surplus, or underutilized property. CBO expects that enacting S. 1667 would not significantly increase the number of properties sold above the number anticipated under current law because most federal agencies that manage significant numbers of properties would likely opt to continue using their flexible leasing authorities rather than disposition authority to manage underutilized property. Thus, we estimate that the use of proceeds under the bill from the future sale of surplus property would increase direct spending by \$20 million over the five-year period of the pilot program.

### **Spending Subject to Appropriation**

Implementing S. 1667 would increase the workload of GSA and HUD to expedite the process of evaluating and disposing of properties for use as housing for homeless persons. In addition, the legislation would require GAO to report within three years on the pilot program, including recommendations for reforms to federal property laws. Based on information from some landholding agencies and the cost of similar activities and reports, CBO estimates that such activities would cost about \$3 million annually.

### **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 1667 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments, or private entities. The bill would allow representatives of the homeless, including public and private entities, to acquire federal property using an expedited process. Any costs that those entities incur would result from complying with conditions of federal assistance.

**ESTIMATE PREPARED BY:**

Federal Costs: Matthew Pickford

Impact on State, Local, and Tribal Governments: Elizabeth Cove

Impact on the Private-Sector: MarDestinee Perez

**ESTIMATE APPROVED BY:**

Theresa Gullo

Deputy Assistant Director for Budget Analysis